

Compensation and Benefits of Community College CEOs: 2006

BY COURTNEY LARSON

In 2006, the American Association of Community Colleges (AACC) surveyed member CEOs to gather information on CEO contracts and compensation. This brief will closely examine the compensation and benefits data collected from these community college CEOs, highlighting similarities and differences within key variables such as gender, race or ethnicity, college type, college region, and college size.

Key findings include the following:

- Since 2004, CEO salaries have increased 11%, when adjusted for inflation.
- Compensation for CEOs was nearly equal for men and women. In fact, female CEOs at colleges of multi-college districts, as well as those at separately accredited 2-year campuses of a university, earned slightly more than male CEOs.
- Latino CEOs earned more than CEOs of other racial and ethnic backgrounds but the difference was not significant after controlling for college type.
- Type of college corresponded highly with salaries: CEOs of district offices within multi-college districts had the highest salaries, whereas CEOs of separately accredited 2-year campuses of universities had the lowest.
- CEOs who had held their present position for 25 years or more had the highest salaries, but those in position for 20–24 years averaged the lowest salaries.
- Salaries of CEOs corresponded highly with the college size. CEOs of institutions with higher enrollment had higher salaries.

TABLE 1 Compensation of Community College CEOs, by College Type: 2006

| College Type | Base Salary | | TCC | |
|---|-------------|-----------|-----------|-----------|
| | Average | Median | Average | Median |
| College in multi-college district | \$156,658 | \$162,000 | \$174,319 | \$176,736 |
| District office of multi-college district | \$213,879 | \$220,114 | \$221,629 | \$232,399 |
| Main campus of multi-campus college | \$156,431 | \$150,500 | \$170,806 | \$163,500 |
| State administrative unit | \$203,596 | \$200,500 | \$208,750 | \$218,000 |
| Single-campus college | \$144,356 | \$143,927 | \$154,092 | \$151,900 |
| 2-year campus of university, separate accreditation | \$140,435 | \$140,500 | \$161,897 | \$151,007 |
| 2-year campus or university sharing accreditation | \$123,889 | \$116,743 | * | * |

* too few cases to provide a reliable estimate

METHODOLOGY

AACC has conducted CEO compensation surveys since 1990 to provide its members with information about the compensation and benefits of its leaders. In 2006, AACC developed the CEO Contract and Compensation Survey, a 39-question web survey exploring various aspects of CEO contracts and compensation. This survey follows up on similar work AACC had done on contracts and compensation in 2004 with Phillip Blount & Associates, Inc. Invitations to report on compensation packages for their most recent contract year were sent to 1,018 community college CEOs, and data were collected in November 2006. AACC received 548 useable responses, yielding a 54% response rate.

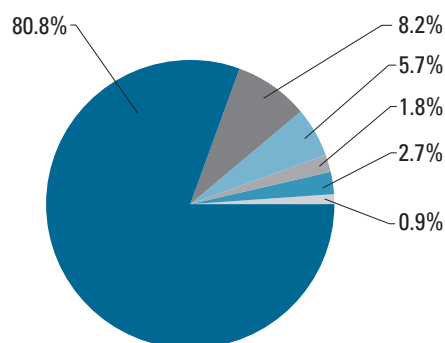
DEMOGRAPHIC PROFILE

The demographic profile of the respondents was similar to the community college CEO profile developed from AACC's 2006 membership database (see figure 1). Sixteen percent of the survey respondents were minorities, compared to 20% of CEOs identified as minorities in the AACC database. This percentage remained relatively constant since 2004.

Seventy-four percent of survey respondents were men and 26% were women. This 3:1 ratio was similar to that in the 2004 data and was consistent with the gender distribution in the AACC database. The highest degrees earned by respondents were reported as follows: doctorate—89%, master's—9%, other—2%, and bachelor's—0.4%. The number of doctoral degrees held by CEOs increased 5 percentage points since 2004.

The average age reported by respondents to this survey was 58, and the average length of tenure as president at their current institution was 7 years, mirroring results obtained on Weisman and Vaughan's Career and Lifestyle Survey of community college presidents (see Weisman & Vaughan, 2007). Additionally, respondents to this survey reported an average of 25 years as the total number of years working in all community college positions (not just as CEOs).

FIGURE 1 Race/Ethnicity of Community College CEOs: 2006



Source: AACC (2007)

BASE SALARIES AND SALARY TRENDS

The average base salary across all respondents was \$153,684. Depending on the type of college, the average base salaries received by CEOs ranged from \$123,889 to \$213,879 (see Table 1).

CEOs reported that their salaries increased approximately 6% between 2005 and 2006. Comparing previous salary survey results to the current results provides more information. From 2004 to 2006, average salaries increased by 18.6% (see Table 2). Between 2002 and 2006 (the years spanning the current and two previous salary

FIGURE 2 Compensation for Community College CEOs, by Gender: 2006



TABLE 2 Salary Trends for Community College CEOs by College Type: 2006

| College Type | Actual Average | | | Estimated Change | | |
|---|------------------|------------------|------------------|------------------|---------------|---------------|
| | 2002 | 2004 | 2006 | 2002–2004 | 2004–2006 | 2002–2006 |
| Current dollars | | | | | | |
| Single-campus institution | \$122,789 | \$126,504 | \$144,356 | 3.00% | 14.10% | 17.60% |
| Main campus of multi-campus college | \$136,051 | \$145,920 | \$156,431 | 7.30% | 7.20% | 15.00% |
| College in a multi-college district | \$135,062 | \$138,144 | \$156,658 | 2.30% | 13.40% | 16.00% |
| District office of multi-college district | \$183,614 | \$182,294 | \$213,879 | -0.70% | 17.30% | 16.50% |
| Total | \$127,639 | \$129,594 | \$153,689 | 1.50% | 18.60% | 20.40% |
| Constant 2004 dollars | | | | | | |
| Single-campus institution | \$137,600 | \$135,009 | \$144,356 | -1.90% | 6.90% | 4.90% |
| Main campus of multi-campus college | \$152,462 | \$162,712 | \$156,431 | 6.70% | -3.90% | 2.60% |
| College in a multi-college district | \$151,354 | \$147,432 | \$156,658 | -2.60% | 6.30% | 3.50% |
| District office of multi-college district | \$205,762 | \$194,550 | \$213,879 | -5.40% | 9.90% | 3.90% |
| Total | \$136,220 | \$138,307 | \$153,689 | 1.50% | 11.10% | 12.80% |

surveys), salaries increased at an estimated annual rate of 4.75%. When adjusted for inflation, the rate of increase was 3.05%. These data show an upturn in the value of the dollar since 2002 as well as an overall increase in salaries.

INCENTIVES AND OTHER CASH PAYMENTS

Twenty-one percent of respondents were eligible for bonus payments. For those eligible, bonus payments averaged \$6,927. This was a 13% increase from 2004. Only 2% of these incentives were paid through a foundation. Thirty-eight percent of CEOs reported receiving other cash compensation arising from their responsibilities as president. The average cash payment was \$15,834 from the college, \$10,470 from a foundation, and \$10,431 from other sources. The total cash compensation (TCC—base salary plus other cash payments) provided to CEOs nationwide was \$161,380. Only CEOs serving in their current presidency for more than 1 year were included in the TCC calculation.

GENDER, RACE OR ETHNICITY, AND LENGTH OF SERVICE

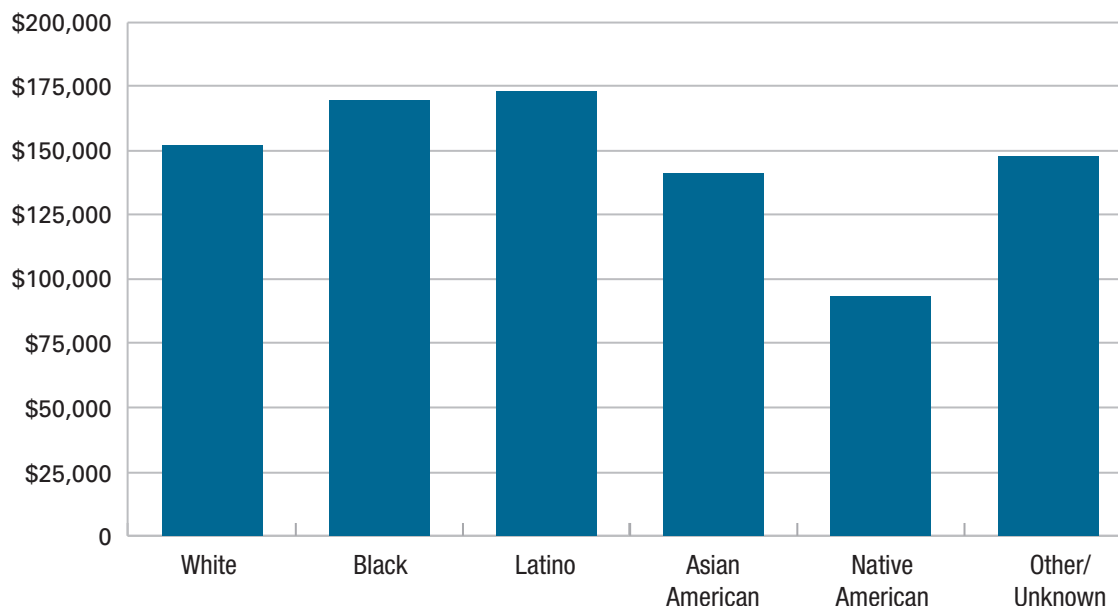
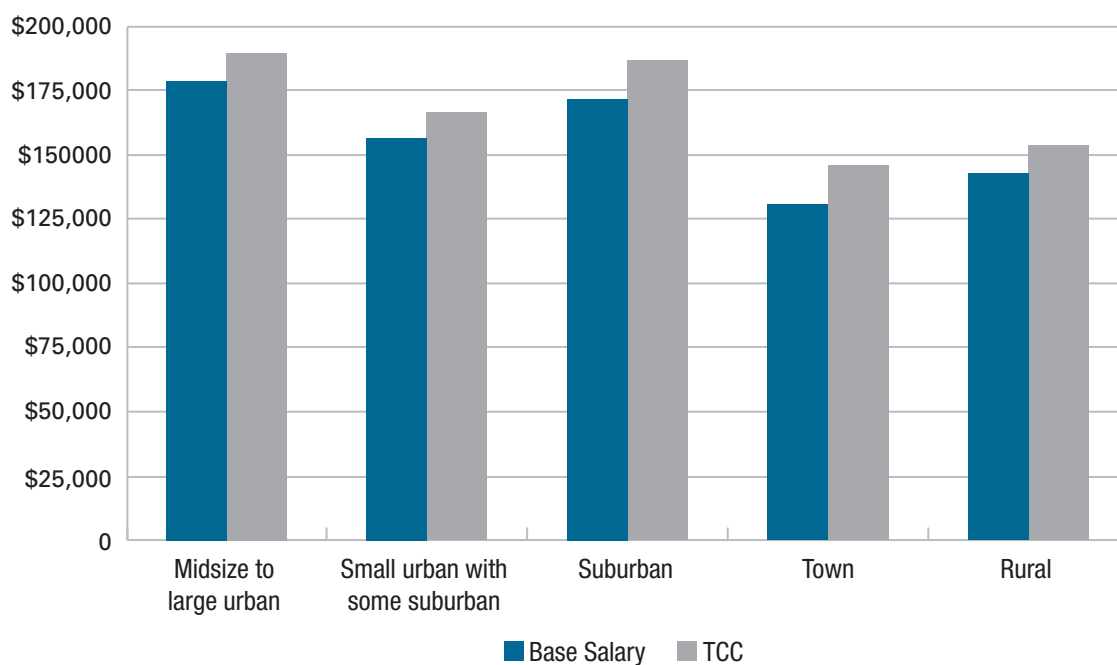
Women earned only slightly less than men in terms of base salary and TCC. The base salary for women (\$150,531) was 97% of that for men (\$154,782), and the

TCC for women (\$160,137) was 97% of that for men (\$164,759; see Figure 2). Base salaries and TCC were not statistically different by race or ethnicity (see Figure 3). However, a review of the data does suggest that Native American received the lowest compensation, and Latino CEOs earned slightly more than CEOs of any other race or ethnicity. One possible explanation is that Native American CEOs tend to be employed by tribal colleges in rural areas, whereas Latino CEOs tend to be employed at colleges in urban areas. Further investigation is required to better understand these patterns of differences.

Consistent with previous research, length of tenure tends to be a significant factor in CEO compensation levels (see Table 3). In this demographic sample, 54% of respondents had been in their current presidency less than 5 years; 87% of the sample had been at their cur-

TABLE 3 Base Salaries of Community College CEOs by Length of Service: 2006

| Years of Service | Average Base Salary |
|------------------|---------------------|
| > 30 | \$187,969 |
| 25 to 29 | \$170,578 |
| 20 to 24 | \$148,192 |
| 15 to 19 | \$160,505 |
| 10 to 14 | \$163,924 |
| 5 to 9 | \$152,910 |
| < 5 | \$148,980 |

FIGURE 3 Base Salary by Race/Ethnicity: 2006**FIGURE 4 Compensation for Community College CEOs by Urbanicity: 2006**

rent position for up to 15 years. Those who had held their current position for 30 years or more had the highest base salary (\$187,669). An interesting finding was that those in positions for 20–24 years averaged the least amount of base salary (\$148,192), followed closely by those in the first 5 years of their tenure (\$148,980).

Compared with the 2004 data, the average base salary for CEOs serving 20–24 years had decreased by 6%,

when adjusted for inflation. Salaries for new presidents (CEOs serving 5 years or fewer) had increased by nearly 16.5%, when adjusted for inflation. Of respondents serving 5 years or less, 19% were minorities and 38% women. The majority of new CEOs were serving either a main campus of a multi-campus institution or a single campus institution but were evenly distributed throughout various locales. A possible explanation for the cited salary decrease

TABLE 4 Average and Median Compensation for Community College CEOs by Region: 2006

| Region | Base Salary | | TCC | |
|-----------------|-------------|-----------|-----------|-----------|
| | Average | Median | Average | Median |
| New England | \$151,775 | \$162,000 | \$156,908 | \$163,500 |
| Mideast | \$164,611 | \$159,500 | \$178,189 | \$171,680 |
| Great Lakes | \$151,717 | \$150,000 | \$161,777 | \$154,889 |
| Plains | \$133,626 | \$135,425 | \$142,582 | \$147,000 |
| Southeast | \$149,823 | \$142,654 | \$157,709 | \$148,800 |
| Southwest | \$156,081 | \$151,794 | \$162,145 | \$158,076 |
| Rocky Mountains | \$120,453 | \$124,586 | \$125,432 | \$126,773 |
| Far west | \$165,000 | \$165,000 | \$174,973 | \$168,000 |

in the 20- to 24-year range is that these respondents were serving multi-campus or single campus institutions in rural areas and were typically White men: Analysis of data collected for this study indicates a relationship between rural locales and lower reported salaries. The survey results also show average salaries for White CEOs to be lower than salaries for Latino or Black CEOs. Further exploration is needed to decipher these patterns.

COLLEGE TYPE AND REGION

Base salaries and TCC also varied across regions (see table 4). (Note that regions are based on those used by the U.S. Department of Education.) Similar to the 2004 data, CEOs in the far west and in the mideast reported the highest base salaries; those in the Rocky Mountains reported the lowest, as was the case in earlier surveys. A potential reason for this is the relatively small size of the colleges in the Rocky Mountains. Table 5 provides an analysis of CEOs' base salaries and TCC by the type of college type and region. These data indicate that CEOs of district offices of multi-college districts had the highest base salaries, whereas CEOs of 2-year campuses of a university had the lowest base salaries.

Regional variations in CEOs' salaries were less pronounced when college types were also examined. Colleges in the far west still tended to offer the highest salaries across types, with the notable exception of colleges within multi-college districts; in this case, the Southwest offered the highest salaries. This may be due to a prevalence of multi-college institutions within that region. College size

TABLE 5 Compensation of Community College CEOs by College Type and Region, 2006

| Region | Average | |
|--|-------------|-----------|
| | Base salary | TCC |
| College in multi-college district | | |
| Southwest | \$165,167 | * |
| Far west | \$158,008 | \$160,712 |
| Average compensation | \$156,658 | \$174,319 |
| District office of multi-college district | | |
| Far west | \$221,517 | * |
| Average compensation | \$213,879 | \$221,629 |
| Main campus of multi-campus college | | |
| New England | \$156,285 | \$182,814 |
| Mideast | \$169,758 | \$183,676 |
| Great Lakes | \$152,177 | \$168,957 |
| Plains | \$140,052 | \$151,401 |
| Southeast | \$161,931 | \$178,181 |
| Southwest | \$155,290 | \$150,448 |
| Rocky Mountains | \$138,459 | * |
| Far west | \$165,569 | \$180,297 |
| Average compensation | \$156,431 | \$170,806 |
| Single-campus college | | |
| New England | \$146,891 | \$168,757 |
| Mideast | \$153,822 | \$177,301 |
| Great Lakes | \$148,621 | \$161,902 |
| Plains | \$128,737 | \$143,711 |
| Southeast | \$139,277 | \$145,108 |
| Southwest | \$148,127 | \$144,334 |
| Rocky Mountains | \$105,136 | * |
| Far west | \$159,290 | \$161,515 |
| Average compensation | \$144,356 | \$154,092 |
| 2-year campus of university, separate accreditation | | |
| Southeast | \$138,036 | \$138,131 |
| Average compensation | \$140,435 | \$161,897 |
| * too few cases to provide a reliable estimate | | |

was also a significant factor in CEO compensation and will be explored further in the next section.

URBANICITY, GENDER, AND COLLEGE SIZE (ENROLLMENT)

Figure 4 illustrates that community colleges in small towns and rural areas provided lower base salaries and TCC than did community colleges in larger, more urban areas. One factor affecting this trend was enrollment: Urban community colleges tended to have higher enrollments than did those in rural areas.

Whatever the college type, gender did not have a statistically significant relationship with salary. Women

earned only slightly less than did men. In fact, at colleges of multi-college districts and 2-year campuses of universities, women earned slightly more than did men (see Table 6).

Base salaries of CEOs increased with the enrollment size of the college regardless of college type, college urbanicity, or CEO gender. Salaries and TCC for CEOs of the main campus at multi-campus colleges (which have higher enrollments) were considerably higher than those for CEOs at other types of colleges (see Table 7). For this analysis, data has been excluded for CEOs from district offices, state administrative offices, and 2-year campuses of a university, because enrollment at these institutions is difficult to determine.

TABLE 6 Salaries of Community College CEOs by Gender: 2006

| College Type | Average Base Salary | | % of men's salary |
|---|---------------------|-----------|-------------------|
| | Men | Women | |
| Single-campus institution | \$145,595 | \$140,705 | 97% |
| Main campus of multi-campus college | \$156,385 | \$156,598 | 100% |
| College in a multi-college district | \$155,811 | \$157,466 | 101% |
| 2-year campus of university, separate accreditation | \$139,558 | \$143,650 | 103% |
| District office of multi-college district | \$213,967 | \$213,645 | 99.80% |
| 2-year campus or university sharing accreditation | * | * | |
| State administrative unit | \$214,871 | * | |

* too few cases to provide a reliable estimate

TABLE 7 Compensation of Community College CEOs, by College Type and Enrollment: 2006

| College and Compensation Type | Quartile 1 | Quartile 2 | Quartile 3 | Quartile 4 |
|-------------------------------------|------------|-------------|--------------|---------------|
| Enrollment range | | | | |
| Single-campus institution | 61–1,831 | 1,832–3,368 | 3,369–6,113 | 6,114–27,199 |
| Average base salary | \$114,410 | \$132,924 | \$150,677 | \$174,915 |
| Average TCC | \$126,874 | \$140,738 | \$156,421 | \$190,352 |
| Enrollment range | | | | |
| Main campus of multi-campus college | 505–2,871 | 2,872–5,026 | 5,027–9,201 | 9,202–54,169 |
| Average base salary | \$129,624 | \$143,310 | \$162,595 | \$190,973 |
| Average TCC | \$138,068 | \$148,554 | \$166,128 | \$193,691 |
| Enrollment range | | | | |
| College in a multi-college district | 411–5,274 | 5,275–8,870 | 8,871–13,475 | 13,475–32,096 |
| Average base salary | \$140,000 | \$158,059 | \$165,644 | \$172,442 |
| Average TCC | * | * | * | * |

* too few cases to provide a reliable estimate

OTHER INCOME AND BENEFITS

Outside Earnings

Slightly less than half of CEOs (45%) reported that their colleges placed no restrictions on earnings outside those received from the college. Twenty percent of the respondents reported receiving compensation for outside work (e.g., consulting or board service). For those 20%, the average amount of outside earnings was \$8,784, representing an increase of 33% in outside earnings since the 2004 survey (see Table 8). The biggest increase since 2004 was in the consulting area. The large increase in compensation for outside work indicates a need for further exploration of this topic.

Medical and Other Benefits

Nearly all community colleges (98.5%) offered CEOs medical insurance. About half (53%) of colleges covered 100% of the cost of medical insurance for their CEOs. About 75% of CEOs received fully or partially paid family medical; only 6% noted that it was offered but not funded by the college. A majority of CEOs (85%)

TABLE 8 Outside Earnings of Community College CEOs: 2006

| Source of Outside Earnings | Average Amount |
|--|----------------|
| Consulting services | \$7,407 |
| Service on paid boards | \$8,084 |
| Honoraria for speeches and presentations | \$3,955 |
| Other outside compensation | \$3,961 |

received fully or partially paid life insurance (see Table 9). These data are similar to those reported in 2004.

Twenty-eight percent of CEOs reported that their college or state governing board offered benefits to domestic partners. This was most commonly reported as part of dependent benefits.

Retirement Benefits

Ninety-nine percent of respondents reported receiving some retirement benefits. Sixty-eight percent of the colleges offered defined contribution plans, and 58% offered defined benefit plans. In 2004, defined benefit plans were more common. Other retirement benefits included supple-

TABLE 9 Medical and Other Benefits Received by Community College CEOs: 2006

| Benefits | 100% covered | Partial coverage | Not covered by the college | Not offered by the college |
|---------------------------------------|--------------|------------------|----------------------------|----------------------------|
| Individual medical coverage | | | | |
| Medical | 53% | 43% | 2% | 2% |
| Prescription drug | 33% | 54% | 3% | 5% |
| Dental | 33% | 44% | 15% | 4% |
| Hearing | 16% | 24% | 8% | 25% |
| Vision | 25% | 36% | 14% | 15% |
| Additional individual coverage | | | | |
| Employee Life Insurance | 57% | 27% | 8% | 4% |
| Short-term disability | 35% | 16% | 20% | 15% |
| Long-term care | 17% | 12% | 24% | 27% |
| Accidental death and dismemberment | 31% | 15% | 21% | 18% |
| Travel accident insurance | 14% | 5% | 12% | 46% |
| Dependents | | | | |
| Medical | 25% | 50% | 6% | 16% |
| Prescription drug | 18% | 49% | 16% | 8% |
| Dental | 20% | 39% | 23% | 8% |
| Hearing | 10% | 23% | 11% | 29% |
| Vision | 15% | 33% | 18% | 19% |
| Life insurance | 5% | 10% | 23% | 37% |

TABLE 10 Perquisites Offered to Community College CEOs: 2006

| Perquisites Offered | % Receiving |
|--|-------------|
| Car or car allowance | 80.2% |
| Housing or housing allowance | 80.4% |
| Cell phone/pager | 80.5% |
| Financial counseling | 7.2% |
| Home office equipment and services | 31.5% |
| Service club dues | 49.1% |
| Social/recreational dues | 24.7% |
| Allowance for entertainment expenses | 52.0% |
| Allowance for charitable contributions | 9.3% |
| Allowance for political fundraisers | 7.0% |

mental retirement plan (15%), continued health insurance plan (37%), deferred compensation plan (30%), and other (3%). The college or foundation contributed approximately 11% of CEOs' base salaries to their retirement plan type. This is up 3% from 2004.

Perquisites

The majority of CEOs reported receiving some form of perquisite. The most common were cell phone or pager, housing or housing allowance, and car or car allowance

(80.5%, 80.4%, and 80.2% respectively). About half of those respondents who received a car or house noted that it was written into their contracts. Other frequently offered perquisites included an allowance for entertaining (52%) and service club dues (49%).

In some cases, perquisites were available to the spouse or domestic partner. Nine percent reported that their spouse or domestic partner received some travel expenses, 7% received entertaining expenses, and 5% could use the college car.

CONCLUSION

Findings from the survey of compensation for CEOs of community colleges indicate that CEOs received a variety of compensation and benefits. Compensation was strongly correlated with college type, enrollment, region, and urbanicity, but much less so with gender and race or ethnicity. Starting salaries have increased significantly since 2004. However, further exploration is needed to understand the unique trends in the tenure data as well as the larger economic trend that led to the large increase in salaries from 2004 to 2006.

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